

2002 Small Business Profile: MICHIGAN

The events of 2001 posed critical challenges to the state of Michigan as well as the nation. Nevertheless, the economic health of Michigan benefited from its small businesses (those with fewer than 500 employees). Small businesses are an important source of new jobs in the state. The small business sector also provides opportunities for women and minorities and is a continual source of innovation and invention. These qualities proved to be economically beneficial to Michigan last year.

Number of Businesses. The number of employer businesses in 2001 decreased by 0.6 percent, and the number of self-employed individuals increased by an estimated 1.4 percent. Employer businesses numbered 212,608 in 2001. The most recent data by firm size (1999) indicate that 98.4 percent of businesses in the state were small. In 2001, an estimated 301,210 individuals were self-employed. (Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. Women owned 27.2 percent of the state's firms in 1997 and generated \$26.5 billion in revenues. Of the state's total women-owned businesses, 14.5 percent had employees. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics, U.S. Dept. of Commerce, Census Bureau)

Minority-Owned Businesses. The latest (1997) Census data indicate that minority-owned businesses totaled 51,800 and made up 7.6 percent of the state's businesses, of which 18.5 percent were employer firms. (Source: U.S. Dept. of Commerce, Census Bureau)

Business Turnover. In 2001, there were 23,060 new employer firms, or 2.9 percent fewer new employer firms than in 2000. Business bankruptcies totaled 688 in 2001, an increase of 19.2 percent over 2000, while business terminations amounted to 26,535, a decrease of 12.3 percent over 2000. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau)

Employment. Small businesses employed 2,029,845 or 50.8 percent of the state's 3,996,300 employees (non-farm private sector) in 1999. The industry with the most small business employees was manufacturing. The total number of small employer firms in 1999 was 190,370 (Table 1). (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses)

Small Business Income. Proprietors' income—a partial measure of small business income—totaled \$17.5 billion in 2001, an increase of 2.1 percent over 2000. (Source: U.S. Dept. of Commerce)

Finance. Often, small businesses use commercial lenders and rely on local bank services. Over the last five years, the number of banks in the state has decreased. The Office of Advocacy has identified the small-business-friendly banks within the state and has published the names in its banking studies report. (See Table 2 for the number of banks by asset size.) Small businesses seeking loans should also consider lenders that participate in the SBA's preferred or certified loan programs; for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722.

For additional information on the Office of Advocacy's research reports, data, and analyses on small business, visit www.sba.gov/advo/stats or call (202) 205-6530.

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- Advocacy's News Releases,
- Advocacy's monthly newsletter, *The Small Business Advocate*,
- Advocacy's Small Business Research and Statistics,
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Note: Data on women-owned and minority-owned firms are not comparable between 1992 and 1997, so growth rates are not available. Data on minority owners may not sum to the total because an owner may belong to more than one minority group.

Table 1. Firms and Employment in Michigan by Industry and Firm Size (Thousands), 1999

Industry	Non-employer Firms	Employer Firms		Employment	
		Total	<500	Total	<500
Total	506.0	193.4	190.4	3,996.3	2,029.8
Agriculture, forestry, fishing, and hunting	5.0	0.7	0.7	3.7	*
Mining	2.4	0.4	0.4	6.8	*
Utilities	0.6	0.1	0.1	24.9	1.4
Construction	66.4	26.6	26.5	189.3	178.1
Manufacturing	10.0	14.4	13.7	816.6	337.7
Wholesale trade	12.1	11.8	11.1	189.5	120.4
Retail trade	58.5	26.8	26.3	541.8	253.2
Transportation and warehousing	17.1	4.3	4.1	95.6	41.4
Information	6.2	2.1	1.9	93.8	22.0
Finance and insurance	18.9	6.7	6.4	169.1	58.4
Real estate; rental and leasing	57.0	7.0	6.9	57.1	39.7
Professional, scientific, and technical services	66.4	19.9	19.6	202.5	138.3
Management of companies and enterprises	N/A	1.1	0.6	148.5	9.8
Admin., support, waste mngt., and remed., services	28.9	10.1	9.8	285.8	136.2
Educational services	9.0	1.7	1.6	55.9	29.2
Health care and social assistance	47.4	18.7	18.5	492.8	240.7
Arts, entertainment, and recreation	20.8	3.2	3.2	44.6	36.0
Accommodation and food services	5.5	14.5	14.3	322.2	213.0
Other services	73.8	22.9	22.8	180.6	159.9
Auxiliary, except corp, subsidiary, and regional managing	N/A	0.3	0.1	69.5	1.7
Unclassified	N/A	3.1	3.1	5.7	5.7

* Data suppressed to protect the confidentiality of individual firms.

Source: U.S. Department of Commerce, Census Bureau.

Table 2. Number of Banks in Michigan by Asset Size, 1996 – 2001

Number of Banks						Number of Banks by Asset Size, 2001				
1996	1997	1998	1999	2000	2001	Below \$100M	\$100M–\$500M	\$500M–\$1B	\$1B–\$10B	Over \$10B
175	176	163	169	173	163	67	80	7	5	4

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's website at www.sba.gov/advo/lending.